

The Course of Exchange between London and Paris before the Revolution: or, A Demonstration that our Bullion was then exported upon the Ballance of our Trade with France.

TH E Mercator, and those that set him to work, labour as much as possible to have it thought, that when we had an open Trade with France, our Exports to that Kingdom were at least equal to their Imports hither, and that consequently a Ballance of Money was not issu'd out of England by means of that Trade. If therefore it can be demonstrated that a yearly Ballance of Silver was issu'd into France, it is plain that our Exports could not be equal to their Imports; and then the Mercator and his Masters will be oblig'd to confess, that this Trade has not always been beneficial to this Kingdom.

The Way I shall chuse to do this, shall be by the Course of the Exchange between London and Paris for many Years before the Revolution.

But here I am oblig'd to explain this matter of Exchange a little, to make the Argument intelligible.

Exchange then is a Way of paying the Debts reciprocally due between two Cities of the same or different Countries, without transmitting any Money from the one to the other, and only by changing the Debtors of one City into the Debtors of the other.

For example; A. of London is indebted in 100 l. to B. of Bristol, and C. of Bristol owes just the same Sum to D. of London. 'Tis manifest these Debts may be paid without transmitting any Money from either of those Cities to the other, and only by transferring the Debts, viz. by the Payment of A's Debt to D. and that of C. to B. If therefore A. and C. shall mutually desire each other to pay the respective Debt of each, if the London Debtor shall by his Bill desire him of Bristol to pay 100 l. to the Creditor of that City, and the Bristol Debtor shall desire him of London to pay 100 l. to the Creditor in this City; it is manifest both Debts are transfer'd, each Debtor has chang'd his Creditor, and the Notes by which this is desir'd are properly and justly call'd Bills of Exchange.

In like manner, how numerous soever the Creditors may be, and whether the Debts are 100 or 100,000 l. yet as long as the total Sums due from each City to the other are equal, the whole may be discharg'd by Bills of Exchange, without transmitting a single Farthing from or to either of the Cities.

But where the Debts of either of the Cities exceed those of the other, it is impossible they should be all paid in each by Bills of Exchange, without transmitting the Difference in Money from that City which is most indebted. For example; If the Debts of the People of London to those of Bristol are 100,000 l. and the Debts of Bristol to London are 100 l. less; the whole reciprocal Debts of each cannot be discharg'd by Bills of Exchange: the Difference, that is to say, the 100 l. must be transmitted from London, or from some other place that is indebted in that Sum to London.

Where the Debts reciprocally due from the People of each City to the other are equal, no Reason can be assign'd why the Exchange should not be equal; why a Citizen of Bristol who wants to pay 100 l. in London, should not give as much for his Bill of Exchange, as a Londoner shall give to pay the like Sum in Bristol; or indeed, why in either of the places any more than 100 l. should be given for a Bill of Exchange of the like Value. If this is so, the Exchange must be at Par (as it is usually call'd) that is to say, the Price of a Bill of Exchange of 100 l. must be Par or equal to 100 l. in both places.

But if a Sum of Money must be actually transmitted from London to Bristol, to pay the Difference or Excess of Debts due from the former to the latter, the Carriage and Insurance of this Sum must be paid by the People who are to transmit the Money. This cannot chuse but raise the Value of a Bill of Exchange at London above Par, and reduce the Exchange at Bristol below Par, in proportion to the Charge of the Carriage and Insurance of the Sum that shall be transmitted from the former to the latter. Suppose, for example, the Debts due from London to Bristol are 1000 l. and those from Bristol to London but 500 l. that the Difference, viz. 100 l. must be transmitted from this last place, and that the Carriage and Insurance of such a Sum shall

cost 10 s. it is certain the Debtors of London who are to pay the Money in Bristol, must be at this whole Charge: and the Question is, How and by which of them it shall be born?

It is certain that not any one of the Debtors in London will be contented to bear the whole Charge of 10 s. every one of them will endeavour to procure a Bill of Exchange. And since there cannot be Bills of Exchange upon Bristol for every one of the Debtors in London, by our very Supposition, every one of the latter will be contented to give a little more than a 100 l. for a Bill of Exchange upon Bristol.

Every one of them also, to reduce his part of the Charge of transmitting the 100 l. to Bristol, will be ready to let a Bristol Creditor draw upon him with some Abatement. So that the Persons who make it their Business to remit Money, will be at the immediate Charge of transmitting the 100 l. to Bristol; and every Debtor in London is likely to bear his part of the Charge, by giving Sixpence more than a 100 l. for a Bill of Exchange of that Value upon Bristol, or by taking Sixpence less than a 100 l. in Bristol, to pay that Sum in London. By which means the Charge of transmitting the 100 l. lies upon the Debtors of London, and is born by all of them share and share alike.

If the Difference therefore of the Exchange between London and Bristol is to the Disadvantage of the former; if a Man in London will give Sixpence more than a 100 l. for a Bill of Exchange upon Bristol of this Value, or take Sixpence less than a 100 l. in Bristol, to pay this last Sum in London: If this is the current Difference of the Exchange between both Places, it is a clear Demonstration, that a Ballance in Money is due from London to Bristol.

The same Argument will hold good, not only between London and Bristol, but also between London and any other Town in England, or any other Country.

Money, of whatsoever Weight and Fineness, in whatsoever Country, ought certainly to be valued against the same intrinsic worth of Money in any other Country. For example, The old French Crown is equivalent to 4 s. and 6 d. or to 54 d. English; or an 100 l. English is equivalent to 444 Crowns, 1½ Livers old French Money. The Exchange therefore between England and France is at Par, when we give neither less nor more in England than 54 d. for a Bill of Exchange, to pay an old French Crown; or when we give neither less nor more than 100 l. in England for a Bill of Exchange, to pay 444 Crowns 1½ Livers of old French Money. The same may be said in France, *mutatis mutandis*, with respect to the Payments they are to make in England.

On the contrary, if in England we are to give more than 54 d. for a Bill of Exchange to pay a Crown, or more than 100 l. to pay 444 Crowns 1½ Livers of old French Money; and the French shall give less than 444 Crowns for a Bill of Exchange to pay 100 l. or less than their old French Crown to pay 54 d. in England, it is manifest the Difference of the Exchange is in the Favour of France, and that a Ballance in Money is going to them out of England. And the greater the Difference is against us, beyond what will pay for the Carriage into France, it is a Demonstration of the greater Ballance of Money going out of England.

I will desire then any Man to observe, what was the Course of the Exchange from London to Paris, for some Years before the Revolution, or how much we paid here for Bills of Exchange upon that City.

EXCHANGE on PARIS.

		December	54½
		January	} 55
		February	
		March	
			1674.
April	55	April	55½
May	55½	May	56½
June	55½	June	56½
July	56½		
August	57		
September	55		
October	55		
November	54½		

July

July	57	June	54½ to ½
August	57 a 57½	July	54½
September	57½	August	54
October	57½	September	54
November	57½	October	54
December	58½	November	54
January	57½ a ½	December	54½
February	58 a 57½	January	54½ to ½
March		February	
		March	

1675.

April	58 a 57½
May	57½
June	58½
July	57½
August	57½
September	57½
October	56½
November	55½
December	54
January	54½
February	55
March	54½

1676.

April	55
May	55½
June	55½
July	55½ to ½
August	55½
September	54½
October	55 to 54½
November	54½ to ½
December	54½
January	55
February	55
March	54½

1681.

April	54½ a ½
May	55½
June	55½
July	55½
August	55½
September	54½
October	55½
November	55
December	55
January	55
February	54½
March	55

1682.

April	55
May	55½
June	55½
July	55½
August	55½
September	55½
October	55
November	55
December	54½
January	54½ a ½
February	54½
March	54½

1683.

April	54½
May	54½

1684.

April	55½
May	55½
June	55½
July	55½
August	55½
September	54½
October	54
November	54
December	54½
January	54½
February	54½
March	54½

1685.

April	54½
May	54½
June	54½
July	54½
August	54½
September	54½
October	54½
November	54½
December	54½
January	54½
February	54
March	54

1686.

April	54
May	54½
June	54½
August	54½
September	54½
October	54½
November	54½
December	54½
January	54½
February	54½
March	54½

1687.

October	53½
November	53½
December	53½
January	52½
February	52½
March	52½

1688.

April	53
May	53
June	53½
July	53½
August	53½
September	53½
October	53½

These are the Prices, as Exchange went from hence to Paris; but when Bills were drawn at Paris on London, the difference was a Penny, or three-half Pence higher: which is so much the more to the disadvantage of England.

It is manifest by the above-mention'd Scheme, during the Year 1673, at a Medium, we paid in London 55 d. 7½ for a Bill of Exchange, to pay in Paris the then French Crown, or the Equivalent of our 54 d. that is, to pay 444 of their Crowns, and 1½ of their then Livers (which are the Equivalent of our 100 l.) we paid 102 l. 8 s. 7 d.

And on the contrary, as at the least so much short is always given for Bills of Exchange at Paris on London, as those at London exceed, it is certain, that no Man in Paris, during that Year, at a Medium, paid more than the Equivalent of 97 l. 12 s. for a Bill of Exchange to pay 100 l. in

London. So that the People in Paris paid as much less than Par for Bills of Exchange, to pay their Debts in London; as we here gave more than Par for the Payment of ours in Paris.

It is not to be imagin'd, that during a time of Peace, as that was, between England and France, it cou'd cost any Man above one per Cent. to carry and ensure Crown Pieces, or Bullion from London to Paris: that is, 20 s. for 30 l. Weight, four times as much as would be given for equal Freight of an East-India Voyage, tho the Return from Paris is made in a 24th part of the time. If therefore, according to the Course of the Exchange, any Man in London indebted in 444 Cr. 1½ Li. old Money; or which is the same thing in 100 l. will pay 102 l. 10 s. to him that shall discharge this Debt: And if the Value of 100 l. in Bullion can be carry'd and ensur'd to Paris for this purpose at the Cost of 20 s. 'tis plain here is 30 s. clear Profit to the Man that exports the Value of 100 l. in Bullion to that City. And if this Voyage can be repeated twelve times in a year, and the Course of the Exchange shall continue still the same, the clear Gain will be 18 per cent. per ann. This perhaps would be thought as great Profit, as was to be gain'd by any Trade whatsoever. Is it then in the least to be doubted that great Quantities of Bullion, whether coin'd or uncoin'd, were exported in that Year from London to Paris?

But of this we may rest assur'd, that as it appears by the Difference of the Exchange, that Money was due to France upon the Ballance of our Trade, so the Imports from that Kingdom hither must needs have exceeded our Exports to that Country; and if the Loss of Money was a Detriment, the French Trade could not possibly be beneficial to this Kingdom, unless it can be shewn that we were some way or other repair'd by means of the same Trade.

As for the Year 1674. we paid here a Medium for Bills of Exchange upon Paris 57½ to pay 54; or to pay there the Equivalent of 100 l. it cost us here 106 l. 3 s. 5 d. And even the following Year to pay in Paris the Equivalent of 100 l. it cost us here for Bills of Exchange 104 l. 12 s. 7 d. And for the same reason as before, Bills of Exchange upon London were purchas'd as much below Par in Paris, as we paid above Par for those we bought in London upon Paris. And 'tis well known, that in Morlaix and other Towns of France with which we traded, the Exchange was yet a great deal more to the Disadvantage of this Kingdom. These were such prodigious Differences, that it is wonderful any Bullion could be left in England. But certainly the Profit was so very great for exporting of it into France, and so much of it therefore, we may depend upon it, was exported thither, that one cannot wonder she was able at this time to carry on such successful Wars as she did against the whole House of Austria, and (England excepted) against almost all the rest of Europe. And will the Mercator, or those that set him to work, pretend, that such a Trade as that was beneficial to this Kingdom?

As for the Years 1676. 1681. 1682. 1684. the Ballance against us upon the Bills drawn in London was almost 2 per Cent. at a Medium; and at least as much in all that were drawn in Paris upon London. This was a sufficient Encouragement for the Exportation of great Quantities of our Silver, as well as a Demonstration that great Quantities of it were exported. And will any Man pretend to say that the Trade to France was then profitable to England?

In the Years 1683. 1685. 1686. the Ballance was not above 14 s. per Cent. Lib. against us at a Medium upon Bills of Exchange drawn in London or Paris. Perhaps it will be thought this was not an Encouragement sufficient to export great Quantities of Coin out of England; yet doubtless it was sufficient to intercept very great Part of that Bullion which was coming to us upon the Ballance of our Trade with Holland, Spain, and other Countries. And however it is at least sufficient to shew that we lost by our Trade with France.

From October 1687. to September following, was the only time that the Profit of the Exchange was on the side of England. It appears that during those few Months we gave no more than 98 l. 12 s. 3 d. for Bills of Exchange of 100 l. on Paris; and consequently that Paris had then greater Sums to pay in London, than London had in Paris. But whether we were oblig'd to our Trade for this is very justly a Question; for the Period of Time was remarkable. A Pretender was to be born; a Standing Army was kept up against the Consent of the People. These extraordinary Expences might call for extraordinary Sums. The Parliament did not think fit to give them. Who then should furnish those Sums but France, which was likely to reap most Advantage by what was doing at that time in England? King James was to be enabled to keep England quiet, while his most Christian Majesty was to make Conquests upon all his other Neighbours. It is not improbable that great Sums were remitted hither upon this account; and this might be the Cause of a Ballance at that time in our favour: but 'tis a melancholy Consideration, that Money should be always issuing hence to France, unless when that Prince is to corrupt our Administration, and to pay the Price of our Ruin.

F I N I S.